

(4) Rights Upon Corporate Reorganization. Upon the merger of Ballenger Corporation into Ranger, shares of the Stock heretofore authorized, whether issued or unissued shall not be changed or converted as a result of said merger but shall be deemed to be shares of the preferred stock of the Surviving Corporation resulting from said merger. The preferred stock of Ballenger Corporation which is outstanding as of the date of said merger shall become a class of preferred stock of the Surviving Corporation with the same terms and conditions except that the rights of its holders on liquidation shall be junior to the rights of the holders of the Stock set forth in paragraph 2 hereof. Such preferred stock shall have the same rights and preferences, pari passu, as to dividends as the Stock.

(5) Redemption.

a. Commencing with the fiscal year of the Surviving Corporation ending April 30, 1977, the Surviving Corporation shall pay to the holders of the Stock an amount equal to 50% of the total net income before income taxes of the Surviving Corporation and its wholly owned subsidiaries for such fiscal year, exclusive of any net operating loss carryovers and any losses incurred from the Ranger contracts and jobs presently in existence, such 50% amount to be reduced by the total income taxes paid by the Surviving Corporation and its wholly owned subsidiaries for that fiscal year, in redemption of the number of shares of the Stock equal to the said amount divided by one hundred. Each redemption shall take place within two and one-half